

(xii) Have an adequate financial management system which provides efficient and effective accountability and control of all property, funds, and assets sufficient to meet grantee needs and grantee audit requirements.

(xiii) Private non-profit agencies or corporations should also be properly incorporated as a non-profit organization with an elected and autonomous board which meets regularly.

(b) *Pass-through property and fee limitations.* Rehabilitation or Innovation assistance on property not in public ownership, operated by a private non-profit organization through a pass-through grant, will be limited to that portion of the property which directly provides recreation services. Such recreation services must be available to the public on a non-membership, non-fee, or reasonable fee basis, and during reasonable prime time. If a fee is charged or is required for the services resulting through the Rehabilitation or Innovation grant, the fee should be comparable to prevailing local rates for similar services. Charges for recreation services will only be permitted if they do not unfairly jeopardize participation in the recreation service by the disadvantaged population.

**§§ 72.38—72.39 [Reserved]**

**§ 72.40 Historic properties.**

Properties listed in or determined eligible for listing in the National Register of Historic Places must be treated in accordance with the Advisory Council on Historic Preservation procedures described in 36 CFR 800, "Protection of Historic and Cultural Properties." Applicants must identify such properties in the preapplication if they are situated at a UPARR grant site.

**§ 72.41 Demolition and replacement of existing recreation properties.**

Demolition will only be supported when rehabilitation is not feasible or prudent. In the case of demolition, the demolition costs should not exceed 75% of the proposed cost for replacement. The applicant must present a cost analysis (well documented case) for demolition and replacement versus rehabilitation. When assistance for dem-

olition is requested, the applicant must also indicate how the replacement will increase the site's recreation utility, and how the useable life of the property will be increased.

**§ 72.42 Expansion and new development.**

(a) *Expansion.* Because the UPARR Program is targeted to distressed areas, every assurance should be made that if any expansion takes place, existing recreation facilities are up to building standards and the following general requirements are met.

(1) The general category of sites/facilities or programs involved must be an identified priority in the jurisdiction's Recovery Action Program.

(2) The results of the expansion must not substantially increase the personnel or maintenance costs of the applicant jurisdiction's overall recreation system unless expansion of the system has been addressed as a priority in the jurisdiction's Recovery Action Program, and the RAP strategies specifying how the funds for increased personnel or maintenance costs associated with the expansion will be obtained. The preapplication narrative must describe the extent of increased personnel and maintenance for the project(s) included in the proposal, if any, and methods of financing them.

(3) The expansion must increase the extent, volume, scope, or quality of recreation opportunities to residents of distressed neighborhoods.

(b) *New development.* For purposes of this program, new development is defined as the developing for changing of relatively unimproved property which has not previously been developed for recreation. This includes the creation of new parks and facilities.

(1) *Rehabilitation.* New development will not be assisted under a rehabilitation grant.

(2) *Innovation.* New development may be allowed under an Innovation grant when it is directly related to a specific innovative idea or technique, increases the utility of a property and/or service program, and increases recreation opportunities for users in the target area.